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Committee on Commerce
 Room 2125, Rayburn House Office Building
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OPENING STATEMENT OF THE HONORABLE TOM BLILEY
 CHAIRMAN COMMITTEE ON COMMERCE
 OVERSIGHT HEARING ON "CELLULAR PRIVACY:
 IS ANYONE LISTENING? YOU BETCHA"
 FEBRUARY 5, 1997

One year ago this week, Congress enacted the Telecommunications Act of 1996. It is fitting that our first hearing this session addresses telecommunications -- indeed, one of the "stars" of the telecommunications sector, cellular communications.

Cellular and other wireless services are a perfect example of the fruits of a private, competitive market. The wireless sector is the fastest growing sector in telecommunications. For the past several years, wireless services have led the telecom sector in job growth. During 1996, according to industry estimates, approximately 80,000 jobs alone were created in the wireless sector.

Cellular and cordless phone services have brought us a number of service innovations. Americans now have unprecedented convenience and ease of movement when using wireless phones. We are no longer tethered to the cord. Our families feel safer with car-phones. We can keep better track of our children after school. Whether it's roaming through the country in our car or roaming through our house while on the phone, wireless services have improved our lives. Cellular and paging services have also improved the bottom-line of any host of U.S. businesses by adding efficiencies in the cost and speed with which offices can communicate with service people in the field.

The story of wireless services also underscores the benefits of competition. The incumbent cellular providers had begun to convert from analog to digital -- but the percentage of converted systems was minimal, and a lengthy transition period of over ten years was planned by many incumbents. With the arrival this past year of the new digital personal communications services, or "PCS," the incumbent cellular carriers are speeding up their conversion to digital cellular, to the benefit of the consumer. Digital cellular and PCS services offer greater privacy, due to the ability of the provider to encrypt the communications. PCS services, currently deployed in over 50 markets in the U.S., offer better sound quality, combine voice services with

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paging, messaging and caller id features, and provide longer battery power, all at lower prices than cellular.

However, if, due to recent events, Americans have lessened confidence in the privacy of their cellular calls, then this engine of economic growth, with all its benefits in the creation of jobs, innovation of services and lower prices, could be derailed. This hearing provides an opportunity for us to learn just how widespread the problem of cellular interception is, and whether we in Congress can do anything to effectively enhance cellular privacy. To this end, I thank Chairman Hundt for responding to my request to examine the effectiveness of the FCC's rules for equipment that is capable of intercepting cellular channels. Chairman Hundt informed me on January 31, 1997 that the FCC will undertake an examination of its scanning device authorization and enforcement processes to determine whether the FCC is implementing our rules as effectively as it can.

This hearing also provides us an opportunity to educate ourselves and the American public on the technical solutions that currently exist in the marketplace today to enhance cellular privacy. In this way, the success story of cellular services, which have benefitted so many Americans, can continue.